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REDRESS OF INACCURACIES REGARDING PTO

March 19, 1998

Dear Colleague:

On February 11, 1998, you received a factually inaccurate letter regarding the U.S. Patent and Trademark (PTO) headquarters consolidation from the National Taxpayers Union.

Enclosed, for your review is the Environment and Public Works Committee rebuttal to this letter.

United States Senate

WASHINGTON, D.C. 20510

March 16, 1998

Mr. Al Cors, Jr.
Vice President for Government Relations
National Taxpayers Union
108 North Alfred Street
Alexandria, Virginia 22314

Dear Mr. Cors:

We would like to respond to your letter of February 11, 1998, concerning the new consolidated headquarters for the Patent and Trademark Office (PTO).

While the National Taxpayers Union should be commended for their ongoing watchdog efforts on behalf of the American taxpayers, the "PTO Palace" letter is factually inaccurate.

First, the PTO procurement does not involve expenditure of taxpayer money. PTO and all its operations and procurement are supported entirely by fees paid by its customers. The PTO does not, and will not, receive any taxpayer money.

Second, the PTO is not contracting for a new \$1.3 billion building. It is contracting for a new competitive 20-year lease. It would cost at least \$1.3 billion for the PTO to remain where it is for the same 20-year period. The offerors to the prospectus have the option of building, renovating or consolidating to meet the PTO's space needs.

The Senate Committee on Environment and Public Works carefully considered the need for the facility, various alternatives, and the costs of each approach before authorizing the lease procurement to be conducted by the GSA for the PTO.

Taxpayer protections which refute your previous letter include the following:

- The rental rate ceiling of \$28.50 per square foot contained in the approval resolutions are at or below the rates that PTO is currently paying, and current market rates in Northern Virginia
- The build out allowances for the interior space are fixed in the procurement documents at less than \$45.00 per square foot; an amount that is comparable to most government facilities

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- The current lease prospectus approved by Congress does not call for 40% more space than the PTO now uses. PTO currently leases 1.9 million rentable square feet of office space in 16 separate buildings in Arlington, Virginia. The prospectus calls for 2.17 million to 2.39 million square feet of space, which is between 15% and 25% more than currently exists, due to a projected increase in PTO's work force from the now 5,200 employees to 7,100 employees by 2002. This is overall a 37% increase in the work force of PTO, which accounts for the increase in space needed to house this growing agency.
- The associated moving costs to move PTO from its current location to a new facility are grossly inflated. It should be noted that the agency will only move if it is economic and efficient to do so under the current competition in which the incumbent lessor is one of the four finalists.

Congress carefully considered all aspects of this procurement, its alternatives, and the respective costs when approving it. It placed significant spending safeguards in the authorization. We hope this information clarifies the concerns raised in your letter.

Sincerely,


John H. Chafee


John Warner


Max Baucus


Daniel Patrick Moynihan